



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

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PSC APPROVES AGREEMENT WHICH ADDRESSES THE NUMBER OF UNITED CITIES' PGA FILINGS

Jefferson City (June 6, 2002)---The Missouri Public Service Commission has approved an agreement which will change the number of Purchased Gas Adjustment (PGA) filings United Cities Gas Company will make in a year to reflect the cost of natural gas from its wholesale suppliers. This agreement will also cover natural gas customers of Atmos Energy Corporation as well as former natural gas customers of the Greeley Gas Company and Associated Natural Gas.

The agreement approved by the Commission was submitted by the Staff of the Missouri Public Service Commission, the Office of the Public Counsel and United Cities Gas Company. The agreement was reached as a result of extensive negotiations conducted by the above parties.

Under the agreement, United Cities can make up to four filings a year with the Missouri Public Service Commission to reflect changes in the delivered cost of natural gas including changes from their wholesale suppliers. United Cities will make a required winter filing each year (usually in November). Under the tariff, the other three filings would be "optional" and would occur when the Company determines that elements have changed significantly from the current PGA rate. The "optional" PGA filings would not become effective in two consecutive months unless specifically ordered by the Commission. As an example, if United Cities makes a filing in January, the next filing can not occur before March. Currently, United Cities makes a scheduled winter filing in November and a scheduled summer filing in April.

This change is designed to more closely reflect the actual cost of delivered natural gas to United Cities' customers including storage effects and other moderating factors (such as fixed priced contracts and hedging effects). The change in the number of filings a year is intended to more closely track market conditions and reduce the magnitude of PGA rate changes when they do occur.

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The move to up to four filings a year incorporates a key recommendation from the Commission's Natural Gas Commodity Price Task Force. This task force was formed in January of 2001 in response to the extraordinarily high cost of natural gas. The task force held a number of local public meetings across the state and filed its report for Commission review in August of 2001.

Atmos Energy Corporation through its United Cities Gas, Greeley Gas and Associated Natural Gas divisions serves approximately 112,200 natural gas customers in Missouri.

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Case No. GT-2002-361